

HOW YOU AS A BUYER CAN SWEETEN THE DEAL



CONTINGENCIES

Contingencies safeguard the buyer's interests. They serve as provisions within the offer, outlining specific conditions that must be met for the agreement to proceed. If you shorten the contingency time or remove a contingency all together it sweetens the offer. There are three main types below.

APPRAISAL CONTINGENCY

Appraisal Contingency: The inclusion of an appraisal contingency ensures that the property's value aligns with the purchase price specified in the offer. Following acceptance of the offer, the lender arranges for an independent appraisal to assess the property's market value. If the appraised value falls short of the agreed-upon purchase price, the buyer may have the option to renegotiate the terms of the sale, request a price reduction, or terminate the contract while retaining their earnest money deposit. How can you remove this safely? Because you have the loan contingency to fall back on.

EARNEST MONEY DEPOSIT

Put more EMD down. The typical is 1-5% and the more you put down the more serious you seem. Keep in mind you can always get your EMD back and back out of a deal until you release all contingencies on the offer.

HOME INSPECTION CONTINGENCY

This contingency allows the buyer to conduct a thorough inspection of the property by a licensed professional. It ensures that the property is structurally sound and free from significant defects. Should the inspection reveal any issues that are deemed unacceptable to the buyer, they reserve the right to renegotiate the terms of the offer or withdraw from the agreement without financial penalty.

LOAN CONTINGENCY

This contingency provides the buyer with a safeguard in the event that they are unable to secure adequate financing for the purchase. It stipulates that the offer is contingent upon the buyer obtaining approval for a mortgage loan within a specified timeframe. If financing cannot be obtained on the agreed terms, the buyer may withdraw from the contract without forfeiting their earnest money deposit.



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